

FIRST UNION RAIL

One O'Hare Centre
6250 River Road, Suite 5000
Rosemont, IL 60018

Tel 847 318-7575
Fax 847 318-7588

Mr. Vernon E. Williams
Surface Transportation Board
1925 K Street, N.W., Room 704
Washington, DC 20423-0001
Attn: Recordation of Railroad Equipment

Re: Memorandum of Lease Agreement

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) originals and one (1) copy of a Memorandum of Lease Agreement, dated May 24, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents. The enclosed document relates to the Lease Agreement which was duly filed with the Commission under Recordation Number 22467.

The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018

Lessee: Dakota, Minnesota and Eastern Railroad Corp.
140 N. Phillips Avenue
Sioux Falls, SD 57104

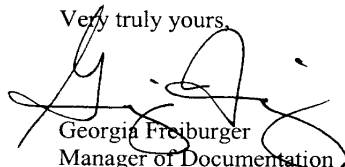
A description of the railroad equipment covered by the enclosed document is thirty-six (36) Plate "C" box cars, with sliding doors with NOKL marks, (see Exhibit A for numbers).

A short summary of the document to appear in the index follows: Memorandum of Lease

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions or concerns regarding the above-referenced matter, please feel free to contact me at (847) 384-5355. Thank you for your cooperation in this matter.

Very truly yours,


Georgia Freiburger
Manager of Documentation

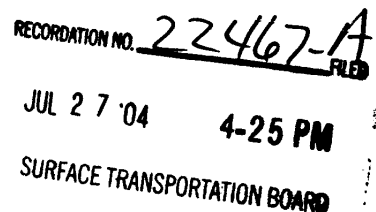
Enclosures

(DME014)



VIA UPS 2nd DAY AIR

July 21, 2004



RECORDATION NO. 22467-A FILED

ASSGN. NO.: DME014

JUL 27 '04 4-25 PM

MEMORANDUM OF LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this 24th day of May, 2004 by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Dakota, Minnesota & Eastern Railroad Corporation ("Lessee"), a South Dakota Corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement, dated as of June 23, 1998, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 13 to the Lease (the "Rider") as described in more particular on Exhibit A attached hereto, effective as of June 4, 2004 and subject to the terms, conditions and provisions of the above mentioned Lease and Rider.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

ATTEST:

By: [Signature]
Name: GEDRGA FREIBURGER
Title: MG. OF DOCUMENTATION

By: [Signature]
Name: RICHARD E. SEYMOUR
Title: Vice President Sales & Marketing

Executed on this 24th day of May, 2004.

[CORPORATE SEAL]

STATE OF ILLINOIS

COUNTY OF COOK

I, SUSAN GROKULSKY, a Notary Public of the County and State aforesaid, certify that RICHARD E. SEYMOUR personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 24th day of May, 2004.

[Signature]
Notary Public

My Commission Expires:

8-14-2004
(Notary Public)



LESSEE:

DAKOTA, MINNESOTA & EASTERN
RAILROAD CORPORATION

ATTEST:

By: Linda Arter
Name: Linda Arter
Title: Admin. Asst.

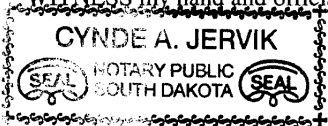
By: JOHN B GABEL
Name: John B Gabel
Title: Gen Mgr Railroad Fleet

Executed on this ____ day of _____, ____.

[CORPORATE SEAL]

STATE OF SOUTH DAKOTA
COUNTY OF MINNEHAHA

I, Cynde A. Jervik, a Notary Public of the County and State
aforesaid, certify that John B. Gabel personally appeared before me this day
and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 12 day of May, 2004

Cynde Jervik
Notary Public

My Commission Expires:
CYNDE JERVIK
My Commission Expires
June 15, 2006
(Notary Public)

NUMBER OF CARS:	Thirty-six (36)
DESCRIPTION OF CARS:	Box Cars, 50' 6" 70-ton, Plate "C", cushioned, with sliding doors, 220 GWR
CAR NUMBERS:	Cushioned
	NOKL 525102 NOKL 525170
	NOKL 525110 NOKL 525172
	NOKL 525120 NOKL 525173
	NOKL 525147 NOKL 525176
	NOKL 525158 NOKL 525185
	Non-cushioned
	NOKL 524000 NOKL 524025
	NOKL 524003 NOKL 524027
	NOKL 524004 NOKL 524029
	NOKL 524005 NOKL 524030
	NOKL 524007 NOKL 524031
	NOKL 524009 NOKL 524032
	NOKL 524011 NOKL 524034
	NOKL 524012 NOKL 524035
	NOKL 524017 NOKL 524036
	NOKL 524019 NOKL 524037
	NOKL 524020 NOKL 524038
	NOKL 524022 NOKL 524039
	NOKL 524024 NOKL 524041